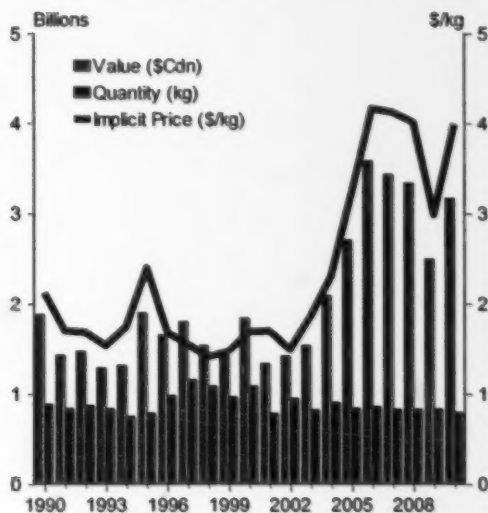


BC's Mining Sector Digging Up More Export Dollars

There has been significant price inflation for most major metals in the last few years and BC's mining sector has benefitted from the higher prices. The value of exports of metallic mineral products from BC is up substantially compared to a decade ago and higher prices are the primary reason for the increase.

The value of BC's metallic mineral exports has been well above average over the last several years due to higher prices



Source: Statistics Canada

The higher returns for metallic minerals have prompted resurgence in BC's mining industry. In mid-August, the first major new mine in British Columbia in over a decade opened near Princeton. The Copper Mountain Mine is the third-largest copper mine in Canada and, when fully operating, is expected to employ 270 workers over an estimated mine life of 17 years.¹ In addition, there are currently two other major mines under construction: the

Mount Milligan Mine in the Mackenzie region and the New Afton Mine near Kamloops. There are also a number of potential new mines currently involved in the Environmental Review Process. Additionally, some sites in the north-west region of the province that have up to now been uneconomical could become viable mines in the near future once the Northwest Transmission Line (NTL) is completed. The NTL will provide less costly access to power to that region of the province and will not only help move existing mining projects along, but will also likely be the impetus for further exploration in the region. Major mining projects that could benefit from the NTL include the Red Chris and Galore Creek ventures.

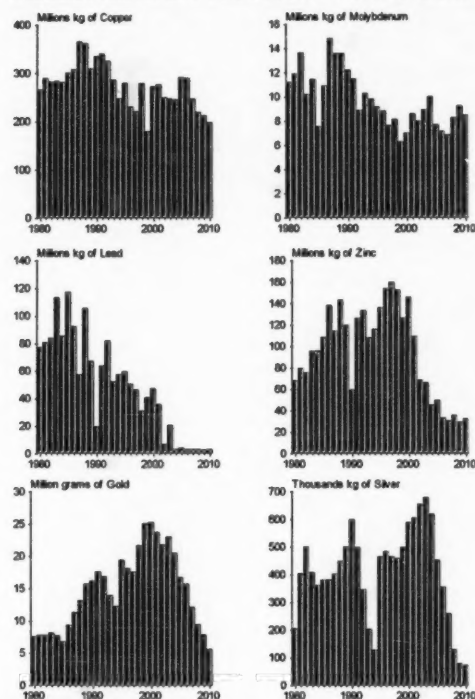
These new mines have the potential to significantly boost the value of BC's exports. Over the last decade, virtually all the growth in the value of metallic mineral exports has been due to price inflation as the quantities shipped have remained fairly flat. The main reason for this is the lack of new mines and the closure of some existing mines. For British Columbia, in the last few years at least, the volume of metallic minerals shipped from the province has been driven more by supply than demand.

As can be seen in the following chart, there have been significant declines in BC shipments of lead, zinc, gold and silver. The closure of the Sullivan Mine near Kimberly in 2001 is the main reason for the drop in lead and zinc shipments, while the shutdown of the Eskay Creek Mine near Stewart in 2008 is the explanation for much of the decline in gold and silver shipments. Early this year, the Kemess South Mine in the north central part of the province

¹ Source: Ministry of Energy and Mines.

stopped production. Kemess South was a major producer of copper and gold.

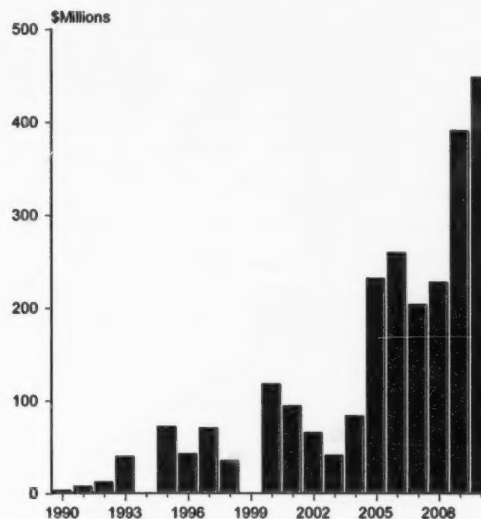
Metallic Mineral Production in BC is Down



Source: British Columbia Ministry of Energy and Mines

The higher prices resulting from strong demand for metallic mineral products provide clear incentive for developing mineral prospects in BC into working mines. The surge in demand for metals has largely been driven by countries in Asia, particularly China. BC's exports of metallic mineral products to Mainland China in 2010 were 162 times the value shipped to that country in 1990. Between 2005 and 2010, the value of exports of these goods to China almost doubled (+93%). Copper ores and concentrates comprise most of the metallic mineral shipments to China (92% in 2010).

BC's exports of metallic minerals to Mainland China have soared in recent years

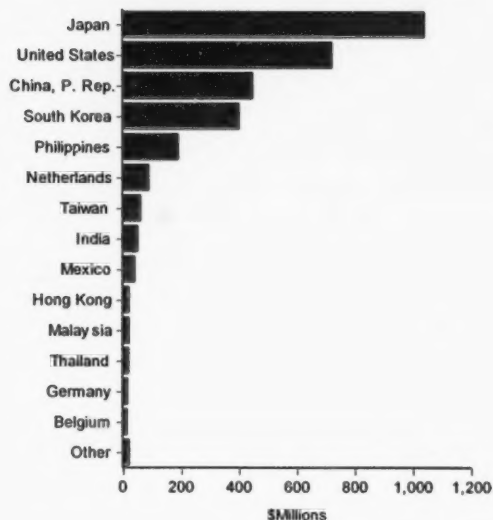


Source: Statistics Canada

While exports to China in 2010 were significant, it ranked only third behind Japan and the United States as a destination for BC exports of metallic minerals. South Korea was ranked fourth, just behind Mainland China. Together, these four countries were the destination of more than 80% of BC's exports of metallic mineral products.

Copper ores and concentrates made up 67% of BC's metallic mineral exports to Japan, while shipments of unwrought aluminum were also significant (20%). The top metallic mineral exports to the United States were unwrought zinc (69%) and unwrought lead (17%). The large majority of BC's metallic mineral shipments to South Korea consisted of either unwrought aluminum (55%) or copper ores and concentrates (36%).

In 2010, the top four destinations accounted for over 80% of BC's metallic mineral exports

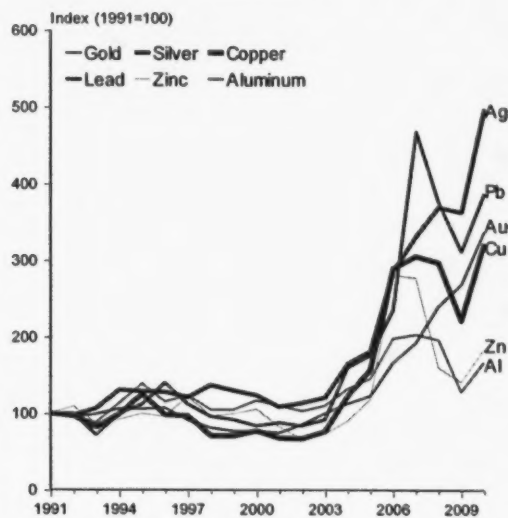


Source: Statistics Canada

Over the last several years, growth in metallic mineral shipments to these four countries in particular has helped boost the value of BC's exports of these goods to new heights, exceeding \$3 billion for the first time in 2006. While there was a substantial decline in 2009 due to the global economic downturn, exports rebounded 27.0% in 2010, which was almost enough to offset the drop from a year earlier. So far in 2011, it appears that BC is set for another robust increase in exports of metallic mineral products. Year-to-date to July, shipments are up 24.8% compared to the same period in 2010.

Along with the rest of the economy, prices for most metals slumped in 2009, but rebounded in 2010 and continue to climb in 2011. Silver has doubled in value in the last year and gold is up by almost 50%. BC's largest metallic mineral export is copper and prices for copper have risen around 20% in the last year.

Metal prices have climbed significantly in the last few years



Source: British Columbia Ministry of Energy and Mines

Given the persistent demand for metals from countries such as China, it is likely that metallic mineral exports will remain one of the stronger commodity groups with respect to BC exports in the coming months and years. Certainly, given the price inflation experienced so far this year, it would appear that 2011 will be another banner year for BC's mining industry.

